IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY PETITION No. 152 of 2007

For Approval and Signature:

HONOURABLE MR.JUSTICE K.A.PUJ

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1	Whether Reporters of Local Papers may be allowed to see the judgment ?
2	To be referred to the Reporter or not ?
3	Whether their Lordships wish to see the fair copy of the judgment ?
4	Whether this case involves a substantial question of law as to the interpretation of the constitution of India, 1950 or any order made thereunder ?
5	Whether it is to be circulated to the civil judge ?

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PERMANENT MAGNETS LIMITED - Petitioner(s)
Versus
. - Respondent(s)

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Appearance :
MRS SWATI SOPARKAR for Petitioner(s) : 1,
MR HARIN P RAVAL for Respondent(s) : 1,

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CORAM : HONOURABLE MR.JUSTICE K.A.PUJ

Date : 06/12/2007

ORAL JUDGMENT

1. This is a petition filed by the petitioner Transferee Company for sanction of a Scheme of arrangement in the nature of amalgamation

of Taparia Magnetics Pvt. Ltd., Sampada Capital Services Pvt. Ltd., and Suyog Agencies Ltd., with Permanent Magnets Ltd., and arrangement between Preference Shareholders of Permanent Magnets Ltd., and Permanent Magnets Ltd., under Section 391 read with Section 394 read with Section 106 of the Companies Act, 1956. It has been submitted that since all the transferor companies have their registered offices in Mumbai, the necessary proceedings have been taken out in Bombay High Court.

2. All the petitioner companies belong to the same group of management. The petitioner transferee company viz. Permanent Magnets Ltd., is a listed public limited company and the shares are listed on Bombay Stock Exchange. The company is carrying on the business as manufacturers of various kinds of magnets and allied products. One of the transferor companies viz. Taparia Magnetics

Pvt. Ltd., is engaged in designing of magnetic assemblies for various industries. The other two transferor companies are engaged in financing activities within the group. Since, all the transferor companies and the transferee company belong to the same group of management, the Board of Directors of these companies thought it fit to amalgamate them for achieving synergic advantages by consolidating the operations of all these companies. The petition gives details of the advantages anticipated due to the said amalgamation.

3. Vide the order dated 20.4.2007 passed in the Company Application No.178 of 2007, (copy at page 50-57 of the petition) meeting of the equity shareholders was directed to be convened whereas the meeting of the Preference shareholders was dispensed with in view of the written consent letters placed on record. Pursuant to the said order, a

meeting of the equity shareholders of the company was duly convened on 2.6.2007. The Chairman's report for the same along with the affidavit dated 13.6.2007 is placed on record (page 58-66 of the petition). The same confirms that the proposed arrangement has been unanimously approved by the equity shareholders present at the meeting.

4. The petition was admitted vide order dated 28.6.2007. The public notice for the same were duly advertised in the newspapers (The 'Indian Express', English daily and 'Gujarat Samachar' Gujarati daily, both Vadodara editions dated 14.7.2007 and the publication in the Government gazette was dispensed with. Affidavit dated 30.7.2007 confirms the same. (page 67 of the petition). No one has come forward with any objections to the said petitions even after the publication. The same has been further confirmed by the additional affidavit dated 29.11.2007 filed

by the authorised signatory, Manager – Corporate Affairs of the petitioner company. (copy at page No.75 of the petition.)

5. Notice of the petition was served upon the Central Government and Shri Harin P. Raval, learned Assistant Solicitor General appears for the Central Government. An affidavit dated 28.11.2007 is filed by Mr. R.K. Dalmia, Deputy Registrar of Companies alongwith the letter of the Regional Director dated 25.10.2007 whereby certain observations are made by the Regional Director. The issues raised therein are dealt with by an Additional Affidavit dated 29.11.2007 filed by the authorised signatory, Manager Corporate Affairs of the petitioner company (copy at page No.75 of the petition). The Balance Sheet of the petitioner company as on 31.3.2007 has been placed on record with the same. It has been further clarified that the proposed scheme does not provide for

utilizing or clubbing of the authorised capital of the transferor companies to that of the transferee company. The transferee company does not eve need to increase its authorised capital in order to issue and allot shares to the equity shareholders of the transferor companies and the Preference Shareholders of the transferee company as envisaged in clause 9 and 10 of the scheme. In view of the same, the compliance of the provisions of Sections 94 and 97 read with Schedule X of the Companies Act, 1956 is not applicable to the transferee company.

6. I have heard Mr. S.N.Soparkar, learned Senior Counsel for the petitioner and Mr.Harin P. Raval, learned Assistant Solicitor General for the Central Government. The submissions have been made explaining the issues raised by the office of the Regional Director. Considering the same alongwith the affidavit placed on record, I am satisfied

that the observations made by the Registrar of Companies do not survive and the scheme of arrangement would be in the interest of the companies and their members and creditors. Prayers in terms of paragraph 26(a) are hereby granted.

7. The petition is disposed of accordingly. So far as the costs to be paid to the Central Government. Standing Counsel is concerned, I quantify the same at Rs.3,500/- per petition. The same may be paid to the learned advocate Mr. Harin P. Raval, learned Assistant Solicitor General of India.

(K. A. PUJ, J.)

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